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April 14, 2007

VIA ELECTRONIC FILING

Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, S.W.
Room TW-B204
Washington, DC 20554

**Re: Federal-State Joint Board on Universal Service
CC Docket No. 96-45
WC Docket No. 05-337**

Dear Madam Secretary:

In accordance with Section 1.1206 of the Commission's rules, 47 C.F.R. § 1.1206, we hereby provide you with notice of an oral *ex parte* presentations in connection with the above-captioned proceedings.

On Thursday, March 29, 2007, Kimball Kenway and undersigned counsel on behalf of U.S. Cellular Corp. and the Alliance of Rural CMRS Carriers, had a telephonic meeting with Joel Shifman to discuss the Federal-State Joint Board's consideration of universal service reform for areas served by rural telephone companies.

We discussed important reforms the Commission should undertake prior to implementing a reverse auction methodology for providing universal service support. In particular, we urged the Commission to reject caps on CETC funding as failing the Commission's core principle of competitive neutrality. We noted that wireless networks across the country are generally immature and growth in CETC support is expected as a result of designations and growth in the wireless industry. We noted that wireline carriers, who are losing access lines at an accelerating pace, continue to draw \$3 billion per year, which is an effective increase in per-line support, and is unsustainable even in the near future.

We discussed how different states would be treated under a cap. For example, South Carolina, Illinois and Missouri could be disproportionately

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disadvantaged in that they draw little or no support for CETCs and have petitions pending that cover substantial areas unserved or underserved by competitive ETCs.

We discussed the need for the Commission to move quickly to continue the work that has been stalled since 2001. Support must be more accurately targeted and made fully portable. The Commission must not continue to fund legacy wireline networks on the "cost plus" basis currently in effect. We also discussed funding broadband as a means of ensuring that rural consumers have access to comparable advanced services as those in urban areas.

We discussed the identical support rule and reiterated that the FCC adopted it to ensure competitive neutrality. We stated that CETCs are not wedded to the ILECs' costs as the basis for support, only that all carriers must compete for consumers and support dollars on a level playing field. Establishing an efficient support level which is portable to all eligible carriers is the Commission's foremost task. Once the Commission establishes a level of support for an area that is sufficient to provide rural consumers with the benefits specified in Section 254, portability effectively caps support.

There is now ample evidence of tremendous benefits that rural consumers are seeing both in improved service quality and in lower prices as a result of wireless service being available. Moving the program to the next level by redefining the supported services and making the funding mechanism work for both urban and rural consumers is the real work that needs to be done. Arbitrarily capping support to the one segment of the telecommunications industry that is aggressively investing and delivering advanced services to rural consumers must be rejected.

If you have any questions or require any additional information, please contact undersigned counsel directly.

Sincerely,



David A. LaFuria

cc: Joel Shifman, Esq.
Kimball Kenway, Esq.